

Message Text

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TO AMEMBASSY SEOUL
AMEMBASSY MANILA

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TAGS: EAIR, KS, RP

SUBJECT: CIVAIR - USER CHARGES FOR NAVIGATIONAL
AIDS

REF: STATE 57452 (NOTAL, AND STATE 44280
(NOTAL)

FOLLOWING IS A REPEAT CABLE FOR YOUR INFO, SENT ORIGINALLY
TO CARACAS IN JANUARY 1976.

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1. TABLE TRANSMITTED CARACAS 107 REPRESENTS SIGNIFICANT
REDUCTION IN PREVIOUSLY PROPOSED CHARGES, BRINGING THEM
TO ABOUT 40 U.S. CENTS PER STATUTE MILE FOR A 747, 26
CENTS FOR A 707, COMPARED TO EARLIER ESTIMATES OF 84
AND 51 CENTS, RESPECTIVELY. HOWEVER, ACCORDING TO OUR
INFORMATION THESE ARE STILL HIGHEST PER MILE FIGURES IN
LATIN AMERICA FOR 747S, AND EXCEEDED ONLY BY URUGUAY

FOR 707S . DIFFERENTIAL BETWEEN 707 AND 747 IS ALSO UNUSUALLY LARGE; IN MOST CASES THERE IS NONE. (CAN YOU CONFIRM THAT NAVIGATIONAL AID CHARGES APPLY REGARDLESS OF WHETHER OR NOT AIRCRAFT LANDS?)

2. ASSUMING NO DISCRIMINATION AGAINST OVERFLYING AIRCRAFT, DEPT SUGGESTS EMBASSY PASS ON TO DCA THE INFORMATION BELOW, INFORMALLY NOTING THAT USG PLEASURE AT GOV ACTION TO REDUCE CHARGES IS TINGED BY DISAPPOINTMENT THAT THEY REMAIN SO HIGH, AND EXPRESSING HOPE THAT GOV WILL DECIDE TO LOWER THEM FURTHER TO FIVE TO TEN CENT PER MILE LEVEL MOST FREQUENTLY FOUND IN LATIN AMERICA. WEIGHT DIFFERENTIAL SHOULD ALSO BE QUESTIONED; COSTS OF PROVIDING SERVICES ARE ROUGHLY THE SAME FOR A 747 AS FOR A 707.

3. IT IS GENERALLY RECOGNIZED THAT STATES MAY RECOVER, THROUGH USER CHARGES, THE COSTS OF THE AVIATION FACILITIES AND SERVICES THAT THEY PROVIDE. THE APPROACH EMPLOYED BY MOST LEADING AVIATION STATES AND ENDORSED BY THE COUNCIL OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) TAKES AS A POINT OF DEPARTURE THE PREMISE THAT THE UNIT CHARGES ASSESSED FOR THE USE OF AN AVIATION SERVICE GENERALLY SHOULD REFLECT THE UNIT COST OF PROVIDING THAT SERVICE. IN PARTICULAR, AS THE ICAO COUNCIL HAS NOTED (DOC. 9082-C/1015, PARA 23), COSTS NOT RECOVERED FROM CERTAIN USERS ARE NOT TO BE SHOULDERED ONTO OTHER USERS.

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4. EXCESSIVE RELIANCE ON A WEIGHT FACTOR IN A CHARGING FORMULA FOR AIR NAVIGATION SERVICES IS LIKELY TO RESULT

SUCH A SHIFTING OF THE BURDEN, FOR THE ACTUAL COSTS OF PROVIDING THOSE SERVICES TO HEAVIER AIRCRAFT ARE LIKELY TO BE LITTLE IF ANY GREATER THAN FOR LIGHTER PLANES. THEY MAY EVEN BE SMALLER, IF THE LARGER PLANE CARRIES MORE SOPHISTICATED NAVIGATION EQUIPMENT. FOR THIS REASON THE U.S. HAS TAKEN THE POSITION THAT AIRCRAFT WEIGHT SHOULD NOT BE TAKEN INTO ACCOUNT WHEN RECOVERING THE COSTS OF AIR NAVIGATION FACILITIES. THE ICAO COUNCIL HAS PROVIDED FOR A WEIGHT FACTOR, BUT IT IS TO BE APPLIED WITHIN THE LIMITS SET BY ICAO'S CHARGING PRINCIPLES, DESCRIBED IN PARA 3 ABOVE.

5. IN ORDER TO ENSURE AN EQUITABLE CHARGING SYSTEM, A COUNTRY NEEDS TO DEVELOP A COST RECOVERY PLAN, INCLUDING IDENTIFICATION OF THE ACTUAL COSTS, EQUITABLE ALLOCATION OF THOSE COSTS AMONG VARIOUS CATEGORIES OF USERS,

ESTABLISHMENT OF A COLLECTION MECHANISM WHICH ENSURES THAT CHARGES DO NOT EXCEED ALLOCATED COSTS, AND DEVELOPMENT OF A SCHEDULE FOR PHASING IN THE CHARGES OVER A PERIOD OF YEARS IN ORDER TO AVOID MAJOR SHORT-TERM READJUSTMENTS.

6. ADVICE AND GUIDANCE ON HOW TO DEVELOP AND IMPLEMENT AN AVIATION FACILITY AND SERVICE COST RECOVERY PLAN WHICH WOULD CONFORM WITH INTERNATIONALLY ACCEPTED PRACTICES AND STANDARDS IS READILY AVAILABLE FROM THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO). SPECIFIC ICAO PUBLICATIONS ON THIS SUBJECT INCLUDE:

--STATEMENTS BY THE COUNCIL TO CONTRACTING STATES ON CHARGES FOR AIRPORTS AND ROUTE AIR NAVIGATION FACILITIES--
DOC. 9082

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--REPORT OF THE SECOND SESSION OF THE PANEL ON ROUTE FACILITY COST ACCOUNTING AND COST ALLOCATION--
RFCA/2-REPORT

--REPORT OF THE 1973 CONFERENCE ON THE ECONOMICS OF ROUTE AIR NAVIGATION FACILITIES AND AIRPORTS--DOC 9053-
ERFA

--COST ACCOUNTING AND COST ALLOCATION GUIDELINES RELATING TO ENROUTE AIR NAVIGATION FACILITIES AND SERVICES--ENCLOSURE B TO ICAO STATE LETTER EC2/53-75/78
DATED 23 APRIL 1975

--REPORT OF THE INFORMAL WORKSHOP MEETING ON AIRPORT AND ROUTE FACILITY ECONOMICS, BANGKOK, 1975

7. IN ADDITION, AIRPORT AND AIRWAY ECONOMICS WILL BE REVIEWED IN CONSIDERABLE DETAIL AT A ONE-WEEK ICAO SPONSORED AIRPORT AND ROUTE FACILITY WORKSHOP TO BE HELD AT ICAO'S REGIONAL OFFICE IN LIMA DURING THE FIRST HALF OF 1976 (MORE SPECIFIC DATES ARE PROBABLY AVAILABLE FROM THE LIMA OFFICE). WE ANTICIPATE THAT THIS WORKSHOP WILL COVER AT SOME LENGTH COST ACCOUNTING PRACTICES, COST ALLOCATION PRINCIPLES AND USER CHARGE COLLECTION MECHANISMS APPLICABLE TO THE RECOVERY OF AVIATION FACILITY AND SERVICE COSTS.

8. DEVELOPING SUCH A PLAN TAKES TIME, OF COURSE, AND IT IS REASONABLE TO INTRODUCE MODEST USER CHARGES IN THE INTERIM. THE CHARGES SHOULD BE KEPT MODEST, HOWEVER, IN ORDER TO AVOID THEIR EXCEEDING THE COST AS SUBSEQUENTLY

DETERMINED. FOR THIS PURPOSE IT INDEED MAY BE USEFUL
TO REFER TO THE CHARGES BEING COLLECTED BY OTHER COUNTRIES
PROVIDING SERVICES GENERALLY EQUAL IN QUALITY AND COST
TO THOSE BEING PROVIDED BY THE COUNTRY CONCERNED. IN
THIS REGARD, IT WOULD BE FAR MORE APPROPRIATE FOR A
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COUNTRY JUST INTRODUCING CHARGES TO REFER TO THE
CHARGES ASSESSED BY ITS NEIGHBORS RATHER THAN TO THOSE
BEING LEVIED BY STATES WHICH OPERATE THE WORLD'S MOST
HIGHLY SOPHISTICATED AND HEAVILY-USED AIRWAYS.

9. ONE APPLICABLE STANDARD OF COMPARISON IS THE COST
TO THE USER PER STATUTE MILE FLOWN IN AIRSPACE CONTROLLED
BY THE CHARGING STATE. USING THIS STANDARD OF COMPARISON,
THE AVERAGE CHARGES BEING COLLECTED BY SOME OF VENEZUELA'S
NEIGHBORS ARE AS FOLLOWS:

BRAZIL - 3.3 CENTS (OVERFLIGHT) PER S/M
2.9 CENTS (LANDING) PER S/M

CENTRAL AMERICAN STATES
(COCESNA) 6.7 CENTS (OVERFLIGHT) PER S/M

CARIBBEAN STATES
(IACL) 7.0 CENTS (OCEANIC) PER S/M
14.0 CENTS (DOMESTIC) PER S/M

10. THIS WOULD SUGGEST THAT AN INTERIM VENEZUELAN
CHARGE SHOULD FALL WITHIN THE RANGE OF 5/10 CENTS PER
S/M.

11. FYI: U.S. MAY DECIDE TO RAISE ISSUE WITH VENEZUELANS
MORE FORMALLY DURING FORTHCOMING NEGOTIATIONS. END FYI.

VANCE

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